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Office Memorandum • UNITED STATES GOVERNMENT

TO : Chief, Industrial Division, ORR

DATE: 4 September 1958

FROM : Chief, Manufacturing Sectors Branch, D/I

SUBJECT: Monthly Report for August 1958.

1. Accomplishments.A. Branch Projects Submitted -- NoneB. Status of Projects --

30.1535 -- Industrial Capital Investment in Communist China.
In reviewing project 30.2043 I've become more familiar with the basic data on industrial investment in Communist China. Much of the material in project 30.1535 does not stand careful scrutiny. Most of the data with respect to investment in various sectors of industry was based upon tenuous assumptions that either ignored other data or has since been invalidated by more recent information. In addition, the conclusion regarding more emphasis on light industry as opposed to heavy industry has not been substantiated. The project treats the allocation of investment between light and heavy industry as an exercise in economic development and ignores completely the inadequate agricultural raw material base which has been the real factor inhibiting the growth of light industry in recent years. I want to take one more look at this paper to see what can be salvaged, however, my present inclination is to recommend that it be cancelled.

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30.2043 -- Capital Investment in the Producers' Equipment Industry in Communist China. I have finished reviewing a first draft of this project and have given the responsible analysts, [REDACTED] my comments. I have been pleased with the progress to date and feel that the report will be well received. A few organizational problems were apparent in the early draft and a modified outline has been completed. Several chapters are to be expanded to round out the report. I feel it is in competent hands.

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32.488 -- Industrial Investment Policy in East Germany.
I feel this project will move along quickly once [REDACTED] regains his health.

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34.894 -- The Determination of Cost and Price in Soviet Machine Building. [REDACTED] is presently completing a draft copy for my review. I will have it by September 15th.

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25X1A9a 34.1928 -- European Trade in Machinery and Transport Equipment.
[REDACTED] expects to complete a second draft of his report this week.
I am anxious to get this report reviewed by everyone before [REDACTED] leaves
for Chicago late in September.

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25X1A9a 34.1930 -- Foundry Production - A Major Bottleneck in Soviet
Machine Building. [REDACTED] has been doing additional research to see
if his project can shed some light on the shortage of metal in Soviet
machine building. This problem we feel was a very apparent deficiency
in our NIE contribution and we are anxious to undertake more research
on the impact of metal shortages on machine building output.

C. Other Contributions Submitted --

25X1A9a 27 Aug -- [REDACTED] wrote and coordinated the Division's
contribution to SNIE 100-8-58.

D. Other --

4 Aug -- OCI Periodic Requirements Guide - European Satellites.

25X1A5a1 6 Aug -- Review of Proposed Sample of Foundry Machinery for
[REDACTED] Ruble-Dollar Ratio Study.

13 Aug -- OCI Periodic Requirements List - Far East.

25X1X6 18 Aug -- Requirements for [REDACTED]

20 Aug -- Comments on the Soviet NIE, ORR Project No. 10.1806.

2. Training.

25X1A9a [REDACTED] is attending Seminars in French and Russian.

3. Trips.

None.

4. Administration.

25X1A9a [REDACTED] is resigning from the Agency on or about
September 15th. The very heavy NIS typing load that is approaching will
require an early and competent replacement. The NIS coordinators will
probably also require additional typing assistance from other branch
secretaries as their projects near completion in the fall and winter
months.

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5. Plans.

25X1A9a of [REDACTED] The branch research program will require some modification because [REDACTED] present temporary assignment on the Staff. This can be done at the regular quarterly review meeting.

It is my understanding that in the future all branches are to receive a copy of Ch/E's monthly report to the AD/RR. I feel that it would also be valuable for the branches to receive a copy of the Division's monthly report to Ch/E, either for general or branch chief dissemination.

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